



# COUNTY OF SAN LUIS OBISPO

## DEPARTMENT OF GENERAL SERVICES

COUNTY GOVERNMENT CENTER • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5200

DUANE P LEIB, DIRECTOR

### **REQUEST FOR PROPOSAL PS- #940 AUDIT SERVICES**

December 7, 2006

The County of San Luis Obispo is currently soliciting proposals for professional services for an Annual Financial Audit of the County of San Luis Obispo for the next four (4) consecutive years.

Each proposal shall specify each and every item as set forth in the attached specifications. Any and all exceptions must be clearly stated in the proposal. Failure to set forth any item in the specifications without taking exception, may be grounds for rejection. The County of San Luis Obispo reserves the right to reject all proposals and to waive any informalities.

If your firm is interested and qualified, please submit one (1) original and six (6) copies of your proposal by 5:00 p.m. on January 16, 2007 to:

County of San Luis Obispo  
Jack Markey, Central Services  
1087 Santa Rosa Street  
San Luis Obispo, CA 93408

If you have any questions about the proposal process, please contact me. For technical questions and information contact Jim Hamilton, Auditor's Office at (805) 781-5043.

JACK MARKEY  
Supervising Buyer - Central Services Division  
jmarkey@co.slo.ca.us

**TO: ALL PROSPECTIVE PROPOSERS**  
**SUBJECT: LOCAL PROPOSERS PREFERENCE**

The County of San Luis Obispo has established a local vendor preference. All informal and formal Request for Proposals for contracts will be evaluated with a 5% preference for local vendors. Note the following exceptions:

1. Those contracts which State Law or, other law or regulation precludes this local preference.
2. Public works construction projects.

A "local" vendor will be approved as such when, 1) It conducts business in an office with a physical location within the County of San Luis Obispo; 2) It holds a valid business license issued by the County or a city within the County; and 3) Business has been conducted in such a manner for not less than six (6) months prior to being able to receive the preference.

As of March 3, 1994 individual County Buyers evaluate RFP's (Request For Proposals) considering the local vendor preference described above. The burden of proof will lie with proposers relative to verification of "local" vendor preference. Should any questions arise, please contact a buyer at (805) 781-5200. All prospective proposers are encouraged to quote the lowest prices at which you can furnish the items or services listed in County proposals.

|   | YES | NO |
|---|-----|----|
| Do you claim local vendor preference?   |     |    |
| Do you conduct business in an office with a physical location within the County of San Luis Obispo? |     |    |
| Business Address: _____<br>_____  |     |    |
| Years at this Address: _____  |     |    |
| Does your business hold a valid business license issued by the County or a City within the County?  |     |    |
| Name of Local Agency which issued license: _____  |     |    |

Business Name: \_\_\_\_\_

Authorized Individual: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

**PROPOSAL SUBMITTAL AND SELECTION**

1. All proposals, consisting of one (1) original and six (6) copies must be received by mail, recognized carrier, or hand delivered no later than 5:00 p.m. on January 16, 2007. Late proposals will not be considered.
2. All correspondence should be directed to:  
  

San Luis Obispo County  
Department of General Services  
1087 Santa Rosa Street  
San Luis Obispo, CA 93408  
ATTENTION: JACK MARKEY  
Telephone: 805-781-5200
3. Costs of preparation of proposals will be borne by the proposer.
4. It is preferred that all proposals be submitted on recycled paper, printed on two sides.
5. Selection of qualified proposers will be by an approved County procedure for awarding professional contracts.
6. This request does not constitute an offer of employment or to contract for services.
7. The County reserves the option to reject any or all proposals, wholly or in part, received by reason of this request.
8. The County reserves the option to retain all proposals, whether selected or rejected.
9. All proposals shall remain firm for 120 days following closing date for receipt of proposals.
10. The County reserves the right to award the contract to the firm who presents the proposal which in the judgment of the County, best accomplishes the desired results, and shall include, but not be limited to a consideration of the professional service fee.
11. Selection will be made on the basis of the proposals as submitted. The Selection Committee may deem it necessary to interview applicants. The County retains the right to interview applicants as part of the selection process.
12. The proceedings of the Selection Committee are confidential. Members of the Selection Committee are not to be contacted by the proposers.

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**SECTION A****STATEMENT OF WORK****OVERVIEW**

The County of San Luis Obispo is seeking the services of Certified Public Accountants to perform annual financial and compliance audits of the County's Comprehensive Annual Financial Report in accordance with generally accepted auditing standards for purposes of rendering an opinion as to the fairness of presentation of these statements. The audit shall also be required to satisfy the provisions of Federal OMB Circular A-133, and the provisions of the Single Audit Act as amended. In addition, the firm shall be required to prepare the Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles and the requirements of the Governmental Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program. The contract to be awarded will cover a four fiscal year period commencing with the 2006-07 fiscal year and concluding with the fiscal year ending June 30, 2010. We have enclosed a copy of the County's audited financial statements and Single Audit for fiscal year 2004-05 for your information. (Copies of the 2005-06 financial statements will be available by contacting Jim Hamilton of the Auditor's Office (805 781-5043) after December 18, 2006.

Other examinations of the accounts, records, and transactions of selected County departments or officials may be required upon request by the Grand Jury or County. Contractual arrangements for such other examinations will be negotiated separately.

**TASK 1**

Conduct four (4) consecutive yearly audits of the financial statements of the County in accordance with generally accepted auditing standards for the purposes of expressing an opinion on the conformity of the financial statements with generally accepted accounting principles. Also, assist the County to meet the requirements of the Governmental Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program, and recommend improvements in any areas brought to attention during the course of the audit.

**TASK 2**

Conduct annual financial and compliance audits and provide related reporting as required by the Federal Office of Management and Budget Circular A-133 and the provisions of the Single Audit Act of 1984 and subsequent amendments. The preparation of the Federal Assistance Reports, Auditor's opinion letters, and the compilation of the Corrective Action Plan are required.

**TASK 3**

Conduct a review of the Appropriation Limit calculation for all jurisdictions coming under the scope of the annual financial audit and provide compliance letter stating the results of the review.

TASK 4

Prepare a Financial Means Test Certification letter to be included with the County's letter of financial assurance for postclosure costs related to Los Osos Landfill.

TASK 5

Compile the County's CAFR in accordance with generally accepted accounting principles and the GFOA's Certificate of Achievement for Excellence in Financial Reporting program. Provide the County with a portable document form (PDF) file that will include all components of the County's CAFR including the notes, MD&A and the statistical section of the report. The County will provide fund trial balances, budgetary and encumbrance data, cash flow statements for proprietary funds, along with draft CAFR notes and government-wide adjustments.

TASK 6

Conduct four (4) consecutive yearly audits of the financial statements of San Luis Obispo County Children and Families Commission in accordance with generally accepted auditing standards for the purposes of expressing an opinion on the conformity of the financial statements with generally accepted accounting principles. The audit shall comply with all the audit requirements as issued by the First 5 California Commission and the State Controller's Office. This task will be contracted for separately from the County with the First 5 Commission and will not be included in the County contract. (Cost proposal is separately listed on Attachment A under Task 6).

PROJECT OBJECTIVE

To comply with Government Code Section 25250, Federal Office of Management and Budget Circular A-133, and Section 1.5 Article XIII B of the California Constitution.

PERIOD OF PERFORMANCE

The annual audit is to be performed for the four (4) fiscal years commencing July 1, 2006 and concluding with fiscal year ending June 30, 2010. Annual audits may commence before the closing of books, which is generally completed by the third week of August. Trial balances with all ordinary closing adjustments will be provided to Contractor two weeks before scheduled fieldwork, usually at the end of September. The Contractor will be required to provide the completed reports not later than November 15 of the fiscal year following the year of audit.

**SECTION B****PROPOSAL SUBMITTAL AND SELECTION****1. SCHEDULE OF EVENTS**Date

|                 |                   |
|-----------------|-------------------|
| Proposal due:   | January 16, 2007  |
| Contract award: | February 16, 2007 |

**2. PERSONNEL ASSIGNMENT AND RE-ASSIGNMENT**

- a. Resumes of all individuals to be assigned to the project must be provided.
- b. A project manager will be assigned as the individual responsible for the overall performance of any resulting contract and will be directly responsible for responding to the Contract Administrator (CA) at all times during the term of this contract.
- c. No reassignments of personnel will be allowed without full resume submittal, justification therefore, and approval by the Contract Administrator (CA).

**3. SUBMISSION OF PROPOSALS**

This Request for Proposal does not commit the County to award nor does it constitute an offer of employment or to contract for services. Costs incurred in the submission of this proposal, or in making necessary studies or designs for the preparation thereof, are the responsibility of the proposers. Further, no reimbursable cost may be incurred in anticipation of award. Proposals containing elaborate artwork, expensive paper and binding, and expensive visual or other presentations are neither necessary nor desired.

**4. LATE PROPOSALS, MODIFICATIONS OF PROPOSALS AND WITHDRAWALS OF PROPOSALS**

- a. Any proposal received at the office designated in the solicitation after the exact time specified or receipt will not be considered.
- b. A proposer may withdraw their proposal at any time prior to the scheduled time for receipt of proposals either personally, by written request, or by fax request confirmed in writing.

**5. PRICING OF PROPOSALS**

All prices and notations must be in ink or typewritten. No erasures are permitted. Mistakes may be crossed out and corrected but must be initialed in ink by the person signing the proposal.

All proposals shall remain firm for 120 days from the closing date for receipt of proposals.

In the event of a conflict between hourly rates and proposer's extended costs, the hourly rate will prevail unless the hourly rate is so obviously unreasonable as to indicate an error.

6. SIGNATURE

All proposals must be signed with the firm name and by an authorized officer or employee. Obligations assumed by such signature must be fulfilled.

7. SAMPLES/PROPRIETARY INFORMATION

All proposals become the property of the County of San Luis Obispo. If any proprietary information is contained in or attached to the written proposal, it must be clearly identified.

8. CERTIFICATE OF INDEPENDENT PRICE DETERMINATIONS

By submission of a proposal, each proposer certifies, or, in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this procurement:

- a. The prices in this proposal have been arrived at independently, without consultation, communication, or agreement with any other proposer; with any competitor; or with any County employees or consultants for the purpose of restricting competition on any matter relating to this proposal.
- b. Unless otherwise required by law, the prices which have been quoted in this proposal have not been knowingly disclosed by the proposer and will not knowingly be disclosed by the proposer prior to award directly or indirectly to any other proposer or to any competitor; and
- c. No attempt has been made or will be made by the proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

After the execution of an initial certificate and the award of contract in connection therewith, the Contractor need not submit additional certificates in connection with proposals submitted on contract amendment issued pursuant to the terms of that contract, where the County's requirements cannot be met from another source.

9. NUMBER OF PROPOSALS

Each proposer shall submit an original and six (6) copies of both the Technical Proposal and the Cost Proposal.



10. ORGANIZATION OF PROPOSALS

Each proposal volume must begin with a complete table of contents showing page numbers. All pages in the volume shall be numbered consecutively. Responses and/or recommendations should be concise and to the point, with references to supporting technical material, where applicable.

PROPOSALS SHALL BE SUBMITTED IN ONE VOLUME WITH TWO SECTIONS, TECHNICAL AND COST, IN A FORMAT WHICH CONFORMS TO THE FOLLOWING:

A. Technical Proposal1. Introduction

State understanding of the requirements to be accomplished in the audit. State general experience, capabilities and approach to use. The proposer must demonstrate in the proposal a clear understanding of the nature and scope of the work to be performed under the contract and its relation to the County's needs.

2. Experience and Support

The proposer must demonstrate through experience of the company and/or through personnel employed by the company, a comprehensive knowledge of the fiscal audit services required by the County.

3. Management Plan

A brief organizational management plan is required. The organizational plan must indicate the controls for effectuating timely response and cost effectiveness, and must include proposed lines of responsibility, authority, and communication between project staff, County and parent organization.

4. Personnel Qualifications

Provide resumes for the key management and professional personnel. Resumes of personnel included with the proposal must clearly indicate a professional skill commensurate with the technical requirements, and provide information on Single Audit experience, education and knowledge of services similar to the County's requirements. If resumes are submitted on personnel not currently employed by the proposer, then a statement that this person will accept employment if the contract is awarded to the proposer must be provided from that person.

5. List of Projects of Similar Size and Scope

Proposers shall submit a description of their capabilities in audit programs of this nature by covering the last five (5) year period (i.e., greater period of experience as appropriate). This may be evidenced by submission of a list of contracts for similar services completed, or underway, including the name(s) of the agency, point(s) of contact, and the dollar value of each such contract, including a brief synopsis of each similar project.

6. References

Please list title, name, address, area code and telephone number for at least three (3) references of projects as similar to this one as are available. Indicate the title of the project performed for each of these references and the year in which each was performed. If no previous work was similar, list three (3) references who can attest to your competencies.

7. Additional Data

Since the preceding sections are to contain only data that is specifically requested, any additional information considered essential to the proposal should be included in this section. The proposer's general information publications, such as directories or client lists, should not be included unless specifically requested.

If there is no additional information to present, state, "There is no additional information we wish to present".

B. Cost Proposal

1. A schedule of hourly rates, task time estimates and total charges must be completed on Attachment A. The schedule shall also display a breakdown of costs by Tasks (as defined in the Overview, page 3).
2. Travel and living expenses are to be combined into a single amount under "Other Expenses".
3. Proposals shall contain provisions to the effect that, in the event disclosures in the audit indicate extraordinary circumstances which warrant more intensive and detailed services, the firm shall provide all pertinent facts relative to the extraordinary circumstances together with the firm's estimate of the cost of additional services to the County.

11. EVALUATION AND AWARD

- A. The contract will be awarded to the proposer whose offer conforms to the solicitation and which will be, in the opinion of the County, the most advantageous to the County.

- B. The County reserves the right to reject any or all proposals, to waive informalities and minor irregularities in the proposals received, to discuss proposal details with respondents, and to accept other than the lowest bid proposal.

12. EVALUATION FACTORS

The following factors may be considered in the evaluation of the technical proposal. The proposal should clearly and in sufficient detail give information to enable evaluation based on these factors.

A. Personnel Qualifications/Technical Resources

1. The experience and educational background of the proposed professionals, and the extent to which these professionals are "in-house" employees.
2. Availability of technical resources.
3. Corporate history specifically identifying the length of time and positions held by the proposed principals and the resources available.

B. Approach and Methodology

Under this factor, consideration is given to the proposer's organizational structure as set forth in the following criteria:

1. Lines of management authority within the firm, most importantly, the project manager's access to top management and the firm's ability to respond rapidly to County's requirements.
2. Understanding of County government and audit requirements, as defined in the County's Request for Proposals.
3. Proposal approach and scope of work.

C. Fees for Service

1. How well the fees relate to the services proposed.

13. SELECTION PROCESS

- A. A Selection Committee will be used to evaluate each proposal.
- B. Selection will be made on the basis of the proposals as submitted. The Selection Committee may deem it necessary to interview applicants. The County retains the right to interview applicants as part of the selection process.

- C. The proceedings of the Selection Committee are confidential. Members of the Selection Committee are not to be contacted by the proposers. All communication between proposer and the County shall be through contact person identified on the cover letter.

**SECTION C****SAN LUIS OBISPO COUNTY INSURANCE REQUIREMENTS**

Contractor, at its sole cost and expense, shall purchase and maintain the insurance policies set forth below on all of its operations under this Agreement. Such policies shall be maintained for the full term of this Agreement and the related warranty period (if applicable) and shall provide products/completed operations coverage for four (4) years following completion of Contractor's work under this Agreement and acceptance by the County. Any failure to comply with reporting provisions(s) of the policies referred to above shall not affect coverage provided to the County, its officers, employees, volunteers and agents. For purposes of the insurance policies required hereunder, the term "County" shall include officers, employees, volunteers and agents of the County of San Luis Obispo, California, individually or collectively.

**1. MINIMUM SCOPE AND LIMITS OF REQUIRED INSURANCE POLICIES**

The following policies shall be maintained with insurers authorized to do business in the State of California and shall be issued under forms of policies satisfactory to the County:

**a. COMMERCIAL GENERAL LIABILITY INSURANCE POLICY ("CGL")**

Policy shall include coverage at least as broad as set forth in Insurance Services Office (herein "ISO") Commercial General Liability coverage. (Occurrence Form CG 0001) with policy limits not less than the following:

\$1,000,000 each occurrence (combined single limit);  
\$1,000,000 for personal injury liability;  
\$1,000,000 aggregate for products-completed operations; and  
\$1,000,000 general aggregate.

The general aggregate limits shall apply separately to Contractor's work under this Agreement.

**b. BUSINESS AUTOMOBILE LIABILITY POLICY ("BAL")**

Policy shall include coverage at least as broad as set forth in Insurance Services Office Business Automobile Liability Coverage, Code 1 "Any Auto" (Form CA 0001). This policy shall include a minimum combined single limit of not less than One-million (\$1,000,000) dollars for each accident, for bodily injury and/or property damage. Such policy shall be applicable to vehicles used in pursuit of any of the activities associated with this Agreement. Contractor shall not provide a Comprehensive Automobile Liability policy which specifically lists scheduled vehicles without the express written consent of County.

c. **WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY ("WC / EL")**

This policy shall include at least the following coverages and policy limits:

1. Workers' Compensation insurance as required by the laws of the laws of the State of California; and
2. Employer's Liability Insurance Coverage B with coverage amount not less than one-million (\$1,000,000) dollars each accident / Bodily Injury (herein "BI"); one-million (\$1,000,000) dollars policy limit BI by disease; and, one-million (\$1,000,000) dollars each employee BI disease.

d. **PROFESSIONAL LIABILITY INSURANCE POLICY ("PL")**

This policy shall cover damages, liabilities, and costs incurred as a result of Contractor's professional errors and omissions or malpractice. This policy shall include a coverage limit of at least One-Million Dollars (\$1,000,000) per claim, including the annual aggregate for all claims (such coverage shall apply during the performance of the services under this Agreement and for two (2) years thereafter with respect to incidents which occur during the performance of this Agreement). Contractor shall notify the County if any annual aggregate is eroded by more than seventy-five percent (75%) in any given year.

2. **DEDUCTIBLES AND SELF-INSURANCE RETENTIONS**

Any deductibles and/or self-insured retentions which apply to any of the insurance policies referred to above shall be declared in writing by Contractor and approved by the County before work is begun pursuant to this Agreement. At the option of the County, Contractor shall either reduce or eliminate such deductibles or self-insured retentions as respect the County, its officers, employees, volunteers and agents, or shall provide a financial guarantee satisfactory to the County guaranteeing payment of losses and related investigations, claim administration, and/or defense expenses.

3. **ENDORSEMENTS**

All of the following clauses and endorsements, or similar provisions, are required to be made a part of insurance policies indicated in parentheses below:

- a. A "Cross Liability", "Severability of Interest" or "Separation of Insureds" clause (CGL & BAL);
- b. The County of San Luis Obispo, its officers, employees, volunteers and agents are hereby added as additional insureds with respect to all liabilities arising out of Contractor's performance of work under this Agreement (CGL & BAL);
- c. If the insurance policy covers an "accident" basis, it must be changed to "occurrence" (CGL & BAL)

- d. This policy shall be considered primary insurance with respect to any other valid and collectible insurance County may possess, including any self-insured retention County may have, and any other insurance County does possess shall be considered excess insurance only and shall not be called upon to contribute to this insurance (CGL, BAL, & PL);
- e. No cancellation or non-renewal of this policy, or reduction of coverage afforded under the policy, shall be effective until written notice has been given at least thirty (30) days prior to the effective date of such reduction or cancellation to County at the address set forth below (CGL, BAL, WC /EL & PL);
- f. Contractor and its insurers shall agree to waive all rights of subrogation against the County, its officers, employees, volunteers and agents for any loss arising under this Agreement (CGL); and
- g. Deductibles and self-insured retentions must be declared (All Policies).

4. **ABSENCE OF INSURANCE COVERAGE**

County may direct Contractor to immediately cease all activities with respect to this Agreement if it determines that Contractor fails to carry, in full force and effect, all insurance policies with coverages at or above the limits specified in this Agreement. Any delays or expense caused due to stopping of work and change of insurance shall be considered Contractor's delay and expense. At the County's discretion, under conditions of lapse, the County may purchase appropriate insurance and charge all costs related to such policy to Contractor.

5. **PROOF OF INSURANCE COVERAGE AND COVERAGE VERIFICATION**

Prior to commencement of work under this Agreement, and annually thereafter for the term of this Agreement, Contractor, or each of Contractor's insurance brokers or companies, shall provide County a current copy of a Certificate of Insurance, on an Accord or similar form, which includes complete policy coverage verification, as evidence of the stipulated coverages. All of the insurance companies providing insurance for Contractor shall have, and provide evidence of, a Best Rating Service rate of A VI or above. The Certificate of Insurance and coverage verification and all other notices related to cancellation or non-renewal shall be mailed to:

San Luis Obispo County Auditor-Controller  
Attn: Assistant Auditor-Controller  
1055 Monterey Street, Suite D220  
San Luis Obispo, CA 93408

## ATTACHMENT A

## SAN LUIS OBISPO COUNTY AUDIT COST PROPOSAL

| STAFF MEMBER     | HOURLY RATE | ESTIMATED HOURS | STAFF COST | OTHER EXPENSES | TOTAL |
|------------------|-------------|-----------------|------------|----------------|-------|
| Partner CPA      |             |                 |            |                |       |
| Audit Manager    |             |                 |            |                |       |
| Senior Staff CPA |             |                 |            |                |       |
| Staff Accountant |             |                 |            |                |       |
| Administrative   |             |                 |            |                |       |
| COUNTY TOTAL *   |             |                 |            |                |       |

\* Total excludes Children &amp; Families Audit

## COST PROPOSAL BY TASK

| TASK                               | COST |
|------------------------------------|------|
| Task 1 - Financial Audit           |      |
| Task 2 - Single Audit              |      |
| Task 3 - Appropriation Limit       |      |
| Task 4 - Financial Means Letter    |      |
| Task 5 - Compile CAFR              |      |
| COUNTY TOTAL (without First 5)     |      |
| Task 6 – Children & Families Audit |      |
| GRAND TOTAL                        |      |